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ABSTRACT

This module on space management is intended to help supervisors or managers make more profitable use of existing areas in their establishment. An imaginary licensed house is used as a case study to show the steps involved. The material is presented in a self-instructional format in five sections. At the beginning of each section is a statement of the objectives that will be achieved as a result of working through the material that follows. Users of the module are asked to relate information given in the text to their own experience and knowledge. Suggested solutions to these questions are given on the following page. The five sections cover the following topics: (1) what space management is; (2) looking at the space available; (3) analyzing the space; (4) getting new ideas; and (5) testing and presenting one's idea. (YLB)

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OPERATIONAL MANAGEMENT PROGRAMME

Accommodation Management

MODULE

SPACE MANAGEMENT

OPERATIONAL MANAGEMENT PROGRAMME

ACKNOWLEDGEMENTS

This self-study unit has been written by Andrew Harris of the Hollings Faculty, Manchester Polytechnic, and John Dobbs. The material was piloted by Sue Swan.

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SPACE MANAGEMENT

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HOW TO USE THIS UNIT

The material in *Space Management* is presented in a self-instructional format. There are five sections; at the start of each is a statement of the objectives you will be able to achieve as a result of working through the material that follows.

From time to time you will be asked to relate information given in the text to your own experience and knowledge. Space is provided below these activities for you to write your answers. Some suggested solutions to the questions are given on the following page.

INTRODUCTION

The aim of *Space Management* is to help you make more profitable use of existing areas in your establishment. The Old Hollings, an imaginary licensed house, is used as a case study to show the steps involved.

You begin by carrying out an audit of the available space in your workplace. With the help of colleagues and members of staff, you then go on to generate new ideas for putting the space you have available to more profitable use. Next you need to test these ideas by means of market research, look at any restraining factors, and examine the financial aspects to see if the idea is viable, before making your recommendation for action.

SECTION 1
What is space management?

After completing this section you will be able to:

- explain what is meant by the term space management
- list the factors which must be taken into account for successful space management.

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SPACE MANAGEMENT

Space management does not mean making the *most* use of the available space. It means making the *best* use of the available space. In other words managing your space for maximum efficiency and profit.

The six examples which follow illustrate various aspects of space management, showing some good and some bad practices. After each example comment briefly on what these are.

Example 1

The Davids, owners of a West Country hotel were far from happy with the breakfast service. Guests would wander down any time from 8 am to 10 am, with no set pattern. Three waiting staff were needed to run this service, but often only one was fully occupied. In order to improve the situation Mrs David set up a buffet table at one end of the restaurant, from which guests could help themselves to fruit juices, cereals, preserves, rolls and croissants. As a result one person was sufficient to serve breakfast. She or he took orders for teas and coffees and cooked breakfasts, served these items, stocked up the self-service bar, cleared and re-laid tables. Costs were cut, and the customers were happier because service was generally faster.

Example 2

Alf, licensee of the White Hart, decided that his bar was not busy enough. He therefore installed pin tables, a juke box, a pool table and a space invader. The profits from these machines, however, came nowhere near to compensating for the drop in trade, as the customers, who were mainly elderly locals, decided that they didn't like the noise or the influx of teenagers and moved to The Bell, just down the road.

Example 3

Another licensee Sid, from the Three Fishes had a very large car park that was rarely full. After having a discussion with all his staff, Sid opened a mobile shellfish bar, near the entrance to the car park, and also hired out the space for car boot sales at weekends. The takings from the fish bar soon showed a healthy profit, bar turnover also increased considerably as visitors to the car boot sale and shellfish bar took advantage of the pub's other facilities.

Example 4

Madame Jaque is the owner of Jaques, a small luxury hotel situated in somewhat secluded surroundings, and relying mainly on residents who come for the shooting and the fishing. The hotel's very attractive restaurant was always well patronised. But against the advice of her staff, Madame Jaque decided to build an à la carte grill room, which she thought would increase the profits of the hotel. She failed to get proper estimates and badly underestimated the costs involved. Once the grill room was opened, the total number of customers eating in either the restaurant or the grill room was only slightly higher than the number of customers who had previously used the restaurant. Furthermore, she learned from her accountant that it would take at least seven years to recover the capital outlay.

Example 5

John, general manager of Caesar's Palace in Manchester was only too aware that trade on Monday and Tuesday evenings was almost non-existent. He had tried the 'drinks at half price' gimmick without success, so he called a meeting of his staff to get suggestions. The result was that he built a small stage at one end of the bar and engaged a local jazz band for those two evenings. He also made use of a small kitchen, behind the bar, to prepare a large pan of Lancashire hot pot, to be served out from a trolley. He then advertised in the local paper: 'Free House – Free Parking – Free Music – Free Food'. Right from the first evening of the experiment, profits from the takings in the bar more than offset the cost of the jazz band and the plate of hot pot.

Example 6

The Dog and Duck in North London was a small pub serving salads, rolls and microwave meals, at lunch times only. Jack Wilson, the new licensee decided to expand trade, by converting an old barn in the garden into a restaurant, which would open in the evenings. The alterations were complete and the restaurant almost ready to open when Jack discovered from a casual conversation in the bar, that a 'change of usage certificate' had to be obtained from the local authority. His application was turned down after residents opposed it on the grounds of increased traffic congestion, offensive cooking smells and the fact that there were several other restaurants nearby. It was also opposed by the fire authority on the grounds that the structure of the barn was not suitable for that type of operation and would constitute a fire hazard.

From your comments on the previous examples, list below five or six general factors which should be taken into account for successful space management.

In **Example 1** Mrs David had a feasible idea that would reduce staff and provide a better service. It easily achieved both these results. Sid in **Example 3** and John in **Example 5** also had original ideas, one to make better use of his car park, and one to fill the bar on Monday and Tuesday evenings. Sid and John involved their staff, both to get ideas and to keep everyone in the picture.

Alf in **Example 2** was less successful. He seems to have gone right ahead with his idea without discussing it with anybody, nor doing some market research. As a result his profits dropped. Madame Jaque in **Example 4** put work in hand without getting proper estimates, and did no figure work to make sure the building of a grill room would be financially viable. Jack Wilson at the Dog and Duck in **Example 6** made no effort to test his ideas either, even elementary market research would have warned him that there would be objections from the local residents. Furthermore he completely failed to realise that permission from the local authority would be necessary before he could convert his barn into a restaurant.

In general, for space management to be successful, the following factors should be taken into account:

- Is it feasible?
- Is it original?
- Has sufficient discussion taken place with those who will be involved?
- Has sufficient market research been carried out?
- Is it going to be profitable?
- Have all the possible constraints been considered?

Name below one area of your workplace where you feel the space could be put to better use and briefly describe how this might be achieved.

SECTION 2
Looking at the space available

After completing this section you will be able to:

- carry out a space audit of your workplace.

The first step in making the best use of space is to have a look and see how it is used at present. This is called a space audit.

To carry out a space audit, you need to analyse:

1. The nature of the space that you have available (how it is identified).
2. The size and area of each room.
3. What each room is used for.

The example opposite, for The Old Hollings, shows how this information can be presented in the form of a room utilisation chart.

THE OLD HOLLINGS ROOM UTILISATION			
ROOM	DIMENSIONS m	AREA sq.m.	MAIN USES
Lounge	6·200 × 6·800 + 1·500 × 2·800	46·36	General drinking Plus very Limited Range of Food at Lunchtime
Public bar	5·700 × 3·000 + 1·900 × 1·600	20·14	General drinking. Pool table and two games machines
Off licence	4·100 × 1·170	4·80	Sale of bottled & canned beers, lagers & soft drinks. Limited range of cigarettes, cigars & Confectionery.
First Floor 'Flat' accommodation	6·900 × 12·200 + 6·000 × 3·200	103·38	Used by Manager and family. Kitchen is used for snacks occasionally.
Garage	3·000 × 4·700	14·10	Manager's car and general clutter.
Shop	6·700 × 6·800	45·56	Newsagent and tobacconist. Lease about to expire.
Cellar	8·200 × 6·600	54·12	Storage of barrels, bottles and odd items of furniture & clutter.

Use the space below to record the size, area and main uses of the various rooms and areas in your workplace. If you cannot easily get exact information on room dimensions, use rough estimates.

ROOM/AREA	*DIMENSIONS*	*AREA*	*MAIN USES*

The pattern of usage of most rooms and areas varies from time to time. A cellar or storeroom may be full to capacity after a delivery, and gradually empty as stocks are issued. On the other hand a conference room may hold as many as 1000 people when it is in use at its full capacity, but will be quite empty until the next conference takes place, or overnight after the delegates have returned to their hotel rooms.

So the next step in carrying out a space audit is to establish the pattern of usage, for example, when and how many people are using the space.

For the survey to be sufficiently representative, a decision has to be made on the duration of the study and the number of observations that will be required.

For some areas or rooms, a few hours might be enough to get a true picture of the whole range of activities taking place within the space. In other situations, a day, a week, a month, or even a whole year might be necessary.

Indicate below, for each example, what period of time you would consider necessary for a sufficiently accurate survey of usage:

1. *The store of a large commercial kitchen*

2. *The lounge or sitting area of a home for the elderly*

3. *A staff restaurant in a factory which serves lunches only*

4. *A 24-hour motorway service station*

1. The store of a large commercial kitchen might need a fairly long period of time, perhaps a month. Deliveries of fresh produce are likely to occur on a daily basis, other items weekly, while tinned and dry foods might be delivered once a month.

2. The routine in a home for the elderly is likely to be similar every day, so a few days of observation is probably sufficient.

3. The staff restaurant of a factory providing lunches only on five days of the week, may be more popular on pay days, for example, or when favourite dishes are on the menu. A survey lasting one week would seem to be about right.

4. A 24-hour motorway service station will vary depending on the time of day or night, on the day of the week, on the driving conditions at the time, including road works and the weather. There will also be seasonal variations, with more traffic in summer, when holiday makers are heavy users. A survey over a year might be necessary to give a true picture of usage.

For a space audit to be of use it must be accurate and sufficiently detailed. Unreliable information can be far worse than no information at all.

> **In a recent survey to find out what use was made of the common room, students were asked to tick a sheet whenever they came in. The information the sheet provided was totally useless as half the students didn't even bother to go near the table where the sheet was, let alone put a tick against their names.**
>
> **In another survey, the visitor's book of a large company where security is apparently a high priority was examined. Out of every 50 visitors who signed in, only 30 had bothered to sign out. So information taken from the book concerning the average length of time spent in the building by visitors was virtually meaningless.**

You will see from the page overleaf, that the occupancy survey for The Old Hollings has been broken down into days, and each day sub-divided into lunch time, early evening and evening. If the bar was open for the afternoon, for example, or the pattern of usage changed towards closing time at the end of the day, then further sub-divisions would have been made.

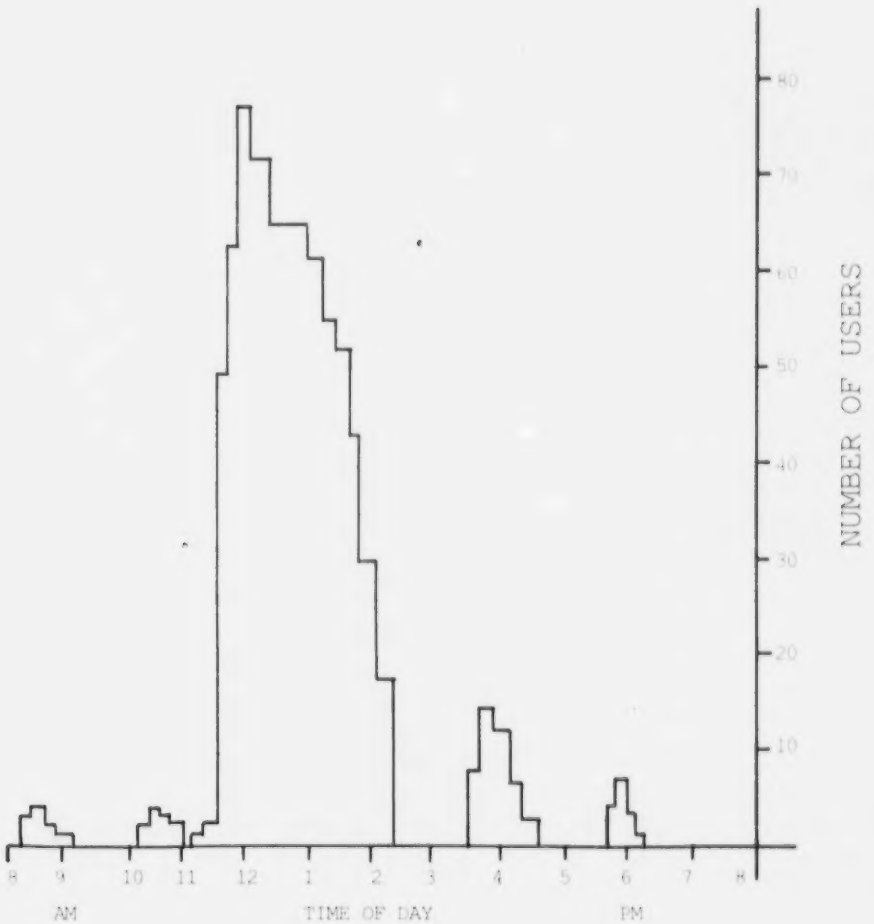
Information on occupancy can be presented in a number of ways: the second example overleaf indicates the numbers using a hospital rest room.

THE OLD HOLLINGS
DETAILED OCCUPANCY SURVEY
LOUNGE BAR

DATE OF SURVEY: 5th April

KEY: A. Total number of customers during session B. Maximum at any one time

DAY	LUNCHTIME	EARLY EVENING	EVENING
MONDAY	11.30-2.30	5.30-7.30	7.30-11.00
A	66	73	76
B	31	38	22
TUESDAY			
A	69	74	79
B	30	36	26
WEDNESDAY			
A	72	78	130
B	36	40	61
THURSDAY			
A	69	83	132
B	35	48	63
FRIDAY			
A	73	95	160
B	40	51	72
SATURDAY	11.30-2.30	6.30-7.30	7.30-11.00
A	55	85	165
B	29	50	71
SUNDAY	12.00-2.30		7.00-10.30
A	44	CLOSED	110
B	28		66



GRAPH SHOWING OCCUPANCY OF A HOSPITAL REST ROOM
AVAILABLE TO STAFF 8AM-8PM

Remember that the usage of any particular area of an establishment can be affected by what goes on elsewhere in the building. The next section describes some other ways in which your survey can be made more extensive.

SECTION 3
Analysing the space

After completing this section you will be able to:

- calculate circulation area as a proportion of total floor space
- compare room shapes in terms of space usage
- identify what financial and other information is required to evaluate space usage
- critically examine the activities carried out in a particular area or place
- apply these techniques to an area or room in your workplace.

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There may be areas in your workplace that have very low levels of space utilisation, and these might seem, at first glance, to be the areas to which you should pay particular attention. But before proceeding too far, you need to examine the reasons, and here some simple calculations and comparisons can help.

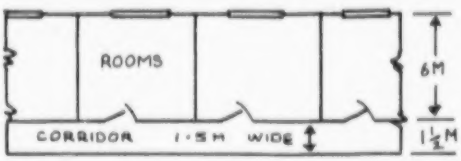
Take circulation areas as an example. Buildings need entrance halls, corridors, landings and so forth, but planners try to keep them to a minimum as they cost money to build in the first place and need heating, lighting, cleaning and furnishing.

There are exceptions to this. Prestigious hotels make use of very wide corridors and spacious reception rooms to create an air of luxury. Hospitals too need wide corridors to cope with the special needs such as moving stretchers, wheelchairs and other bulky equipment.

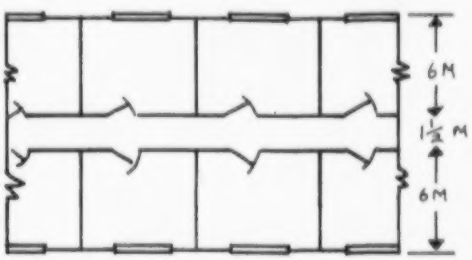
The circulation area can be expressed as a proportion of the total floor space.

The example below of single and double loaded corridors illustrates how circulation space can be used more effectively.

Single loaded corridors where 20% is used for circulation.



Double loaded corridors where 11.1% space is used for circulation.



In a recent survey of different types of buildings, laboratories devoted as little as 13% of space to circulation, hotels as much as 35%.

On the first floor of The Old Hollings, 15% of space is devoted to circulation. This is how the calculation was made:

Total floor area 105m

Circulation area 16m

Circulation ratio = $\frac{16}{105} \times \frac{100}{1}$ = 15.2%

Now calculate how much space is devoted to circulation on the ground floor of The Old Hollings:

Total floor area 108m

Circulation area 20m

Use the space below to calculate the proportion of space devoted to circulation in your workplace (or an area of your workplace).

On the ground floor of The Old Hollings, 18.5% of the area is devoted to circulation.

Better space usage can generally be obtained from a square room than from a long narrow room. Say you have a choice of using two alternative rooms for a meeting or conference room. They have a similar floor area, but are a different shape.

Calculate the ratio of:

Floor area: Perimeter wall length

The room with the higher ratio will offer better space usage.

	Room A	Room B
Dimensions (m)	16 x 4	10 x 10
Perimeter floor length (m)	16+16+4+4 = 40	10+10+10+10 = 40
Floor area (sq m)	16 x 4 = 64	10 x 10 = 100
Floor area: Perimeter floor ratio or	64:40 1.6:1	100:40 2.5:1

Room B offers better space usage

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In the previous section you looked at the pattern of space usage. The Old Hollings occupancy survey showed for a representative week how the maximum number of customers in the lounge bar varied between 72 on a Friday evening, to as few as 22 on a Monday evening. If the Old Hollings had letting bedrooms, then similar statistics might have been produced on the number of sleepers, and, or the number of rooms occupied.

1. *Refer back to The Old Hollings occupancy survey on page 16 and note below what other information you would seek on the pattern of business before making any recommendations for better space usage of the lounge bar.*

2. *If The Old Hollings had letting bedrooms, note below what sort of information you would require.*

3. *Note any other information you think should be taken into account to get a clearer understanding of the overall situation on space usage at The Old Hollings.*

The Old Hollings occupancy survey showed clearly that certain sessions were busier than others. It is quite possible that the 44 customers who used the lounge bar on a Sunday lunch time stayed longer and spent more money than the 73 customers on a Friday lunch time, when they only had a short lunch break and had to return to work afterwards.

1. Information would be needed on the average spend of each customer, and possibly the average transaction.
2. If The Old Hollings had letting rooms, information would be needed on:
   - room occupancy
   - bed occupancy (if some of the rooms had twin beds, and were let on occasions to one person only)
   - average rate per room.
3. Other factors such as food, drink and wage costs, overheads (heating, lighting, insurance, laundry, cleaning materials and so forth) need to be taken into account. You will remember that Mrs David in the example on page 4 introduced an element of self-service at breakfast time to reduce wage costs. She would have had to balance these savings with the extra costs of laundering the buffet tablecloth and higher food costs (guests able to help themselves, might eat more). Furthermore, if her restaurant was rather small, the space needed for the buffet table might have meant fewer tables for guests, with the danger that some guests might have to wait until a table was free before they could have breakfast.

In general, your space audit should help show the relationship between:

- **the space taken by a particular room or area**
- **its usage**
- **its contribution to profit**
- **its value as an attraction or service for customers using other areas or services which are profitable.**

A large function room may be heavily and profitably used from the autumn through to Christmas, but infrequently used for the remainder of the year. However, a high proportion of guests attending functions may stay in the hotel overnight, thus boosting occupancy which otherwise would be quite low.

Several years ago a large industrial catering company, now no longer trading, decided to employ a team of people to examine the food left on people's plates at lunch time. Down they would buzz, men and women in expensive motor cars, each carrying a plate scraper and a pair of scales. Into the industrial canteens (as they were then known), they would rush and collect the plates of perhaps a thousand customers. Out would come the scrapers and the scales and they would set to work. Into one bin went the roast meat, into another the potatoes and into a third bin the tinned peas. A week later a memo would land on managers' desks to give them the vital information that 25% of the peas served were being wasted and asking what action they intended to take.

Describe briefly what action you might take if you were one of the managers to receive such alarming information!

Your reaction might be:

- Change the type of peas – difficult as they came from a supplier nominated by the caterer.
- Cut down the portion served – difficult as the caterer stated the weight to be served.
- Decide that the peas were badly cooked – difficult to badly cook tinned peas.
- Decide that the peas were only left because everything else on the plate was so superb.

The manageress of one canteen told head office that they were lucky that only 25% of the peas were wasted as that meant that 75% were eaten. After that the teams of scrapers were abandoned.

There are offices bursting to the seams with useless information, and that is why it is so important to examine critically and to question closely any ideas, to make sure that they are realistic, achieve something and above all make a profit.

Only by asking questions and then more questions will you be able to make the best decisions on what improvements to make.

You might decide to consider eliminating, rearranging or simplifying certain activities or services. In addition you will be able to evaluate alternatives of place, times, people involved and means.

Study the critical examination sheet on the page opposite, completed for the activities in the lounge bar of The Old Hollings, and based on the questions:

- *What is the purpose of the activity?*
- *Where is it taking place?*
- *When is it taking place?*
- *Who is involved in the activity?*
- *How is it being carried out?*

Then use the space on pages 28 and 29 to carry out a similar exercise for some area of your workplace which you see as having scope for development. Select an area over which you have some control, because you will obtain greater satisfaction if you can see your plans through to completion, and personally benefit from the improvements to your job.

CRITICAL EXAMINATION OF LOUNGE BAR. THE OLD HOLLINGS

	1. What is achieved?	2. Is it necessary, and if so why?	3. What else could be done?	4. What should be done?
PURPOSE	The service of alcoholic and non-alcoholic beverages	It is the prime purpose of the area.	sell other products	sell other products
PLACE	1. Where is it done? In the Lounge.	2. Why there? It is a purpose built bar	3. Where else could it be? Nowhere else	4.Where should it be done? In the Lounge
SEQUENCE	1. When is it done? After: during our Before: agreed opening hours	2. Why then? It is our custom and practice to open at these times.	3. When else could it be? Anytime during legal opening hours.	4. When should it be done? During legal opening hours - being as flexible as possible.
PERSON	1. Who does it? Permanent and casual bar staff on rota.	2. Why that person? They have been trained to carry out the work.	3. Who else could do it? Anybody trained in the correct methods.	4. Who should do it? Anybody trained in the correct methods.
MEANS	1. How is it done? Normal bar service procedures	2. Why that way? Some legal constraints To aid stock control customer expectation	3. How else could it be? Self-service? Vending?	4. How should it be done? In the most appropriate way.

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CRITICAL EXAMINATION OF:

PURPOSE

1. What is achieved? *2. Is it necessary, and if so, why?*

PLACE

1. Where is it done? *2. Why there?*

SEQUENCE

1. When is it done? *2. Why then?*

After:

Before:

PERSON

1. Who does it? *2. Why that person?*

MEANS

1. How is it done? *2. Why that way?*

PURPOSE (ctd)

3. What else could be done? *4. What should be done?*

PLACE (ctd)

3. Where else could it be? *4. Where should it be done?*

SEQUENCE (ctd)

3. When else could it be done? *4. When should it be done?*

PERSON (ctd)

3. Who else could do it? *4. Who should do it?*

MEANS (ctd)

3. How else could it be done? *4. How should it be done?*

Use the space below and opposite to record all other relevant information on the area in your workplace which you have selected as having scope for development, such as:

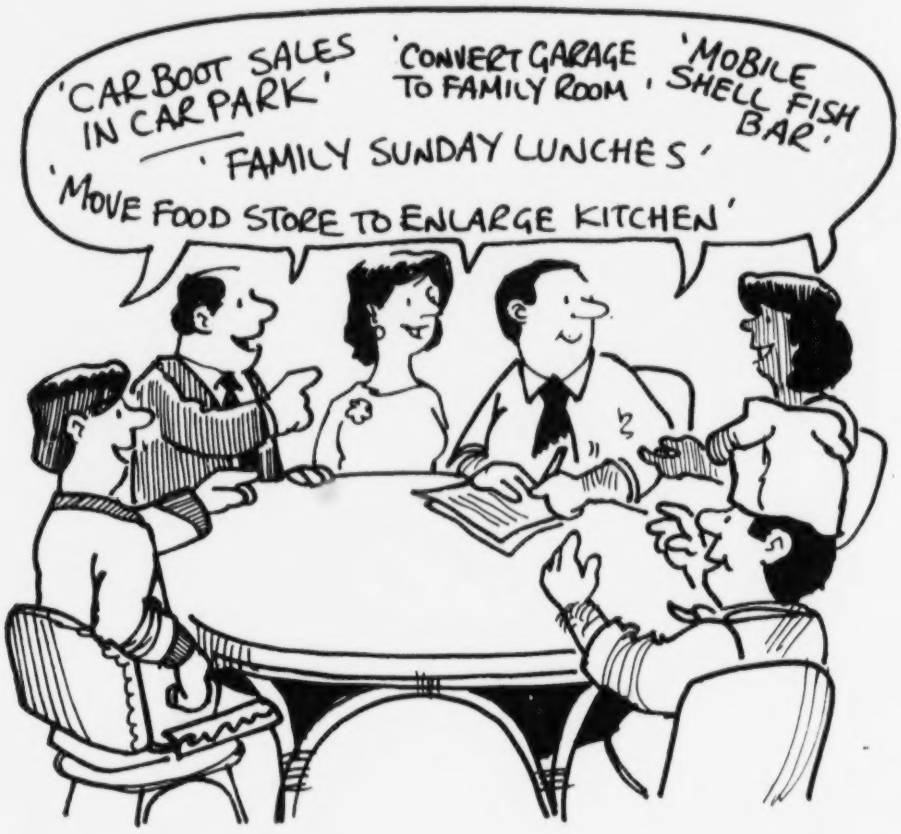
- *pattern of usage*
- *average spend*
- *occupancy*

You will now have some experience of:

- highlighting areas where better use could be made of the available space
- gathering all relevant information about the area of space under consideration
- critically examining the activities presently carried out in the area.

The next section looks at how you can get ideas for putting the space to better use.

SECTION 4
Getting new ideas


'CAR BOOT SALES IN CAR PARK'
'CONVERT GARAGE TO FAMILY ROOM'
'MOBILE SHELL FISH BAR'
'FAMILY SUNDAY LUNCHES'
'MOVE FOOD STORE TO ENLARGE KITCHEN'

After completing this section you will be able to:

- use a spidergram to highlight the types of customer who use the chosen area of your workplace
- list various methods of getting new ideas
- use the technique of brainstorming to create new ideas for the better use of existing space.

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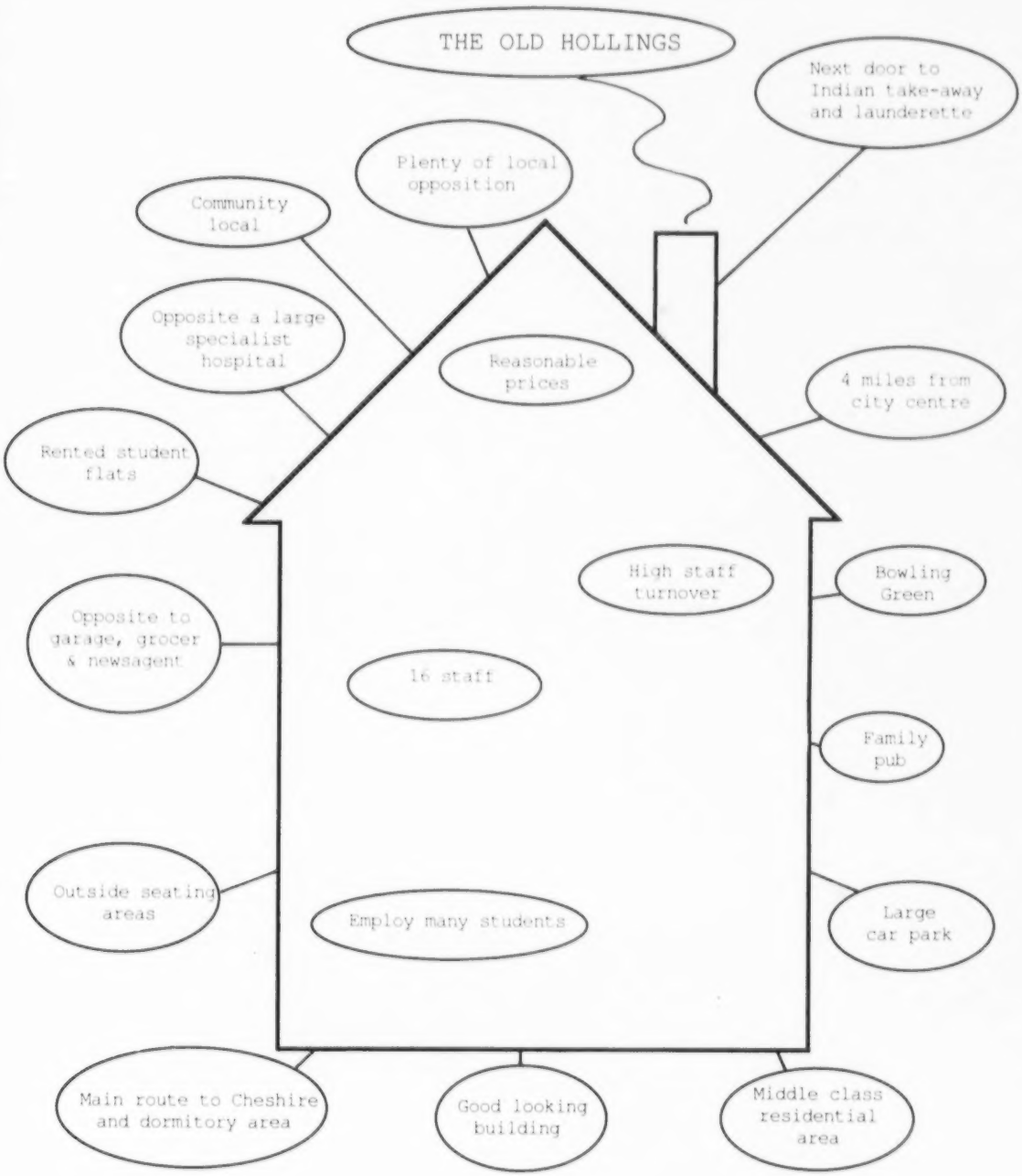
Having decided that a room or area has potential for improving its utilisation and profitability, it is time to look at the other ways in which that space may be used.

The range of options might include:

- changes to the physical layout
- changes to the type of customers you want to attract
- changes to the times when activities occur, and, or to the type or level of activity.

Note below what factors might influence any decision on space usage of the lounge bar of The Old Hollings, after studying the diagram opposite, which shows some of the advantages and a few of the disadvantages associated with The Old Hollings, and the map overleaf, which shows the location of the pub.



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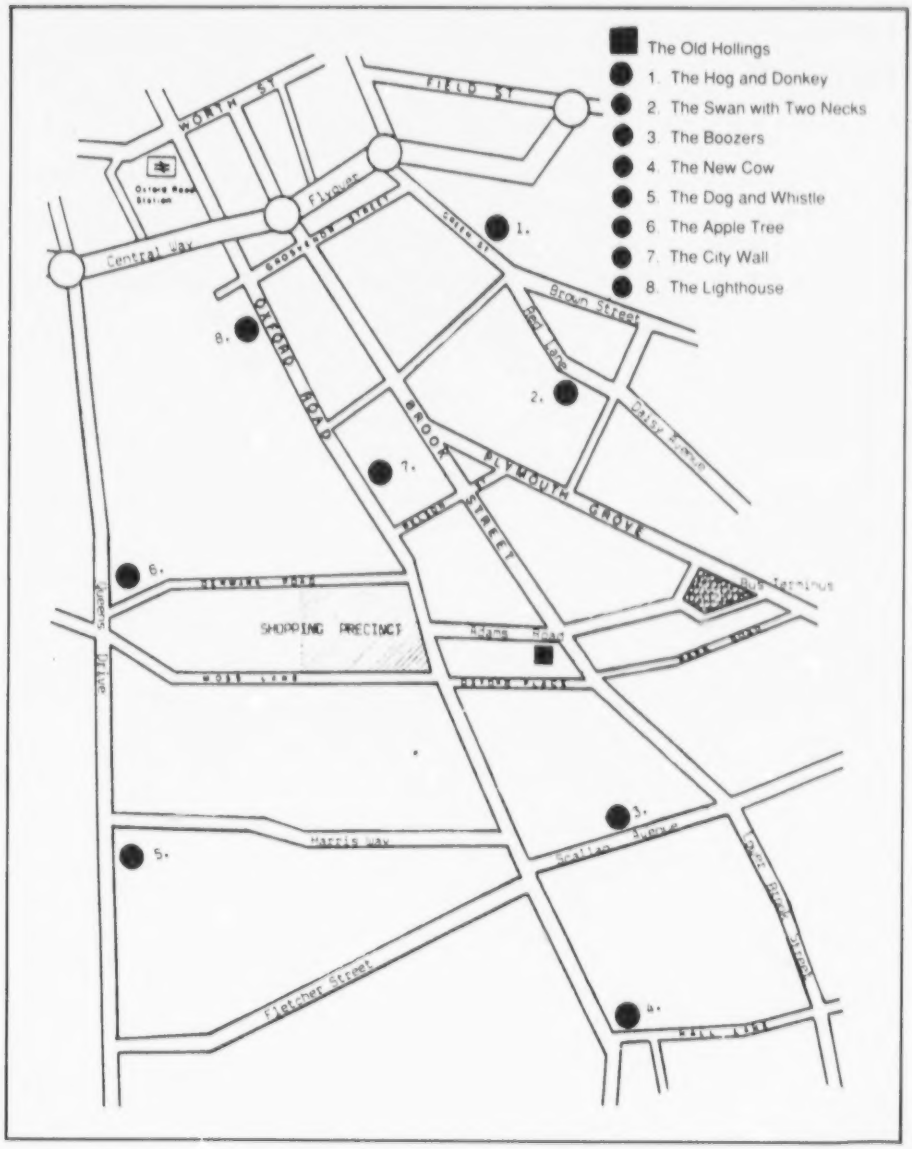
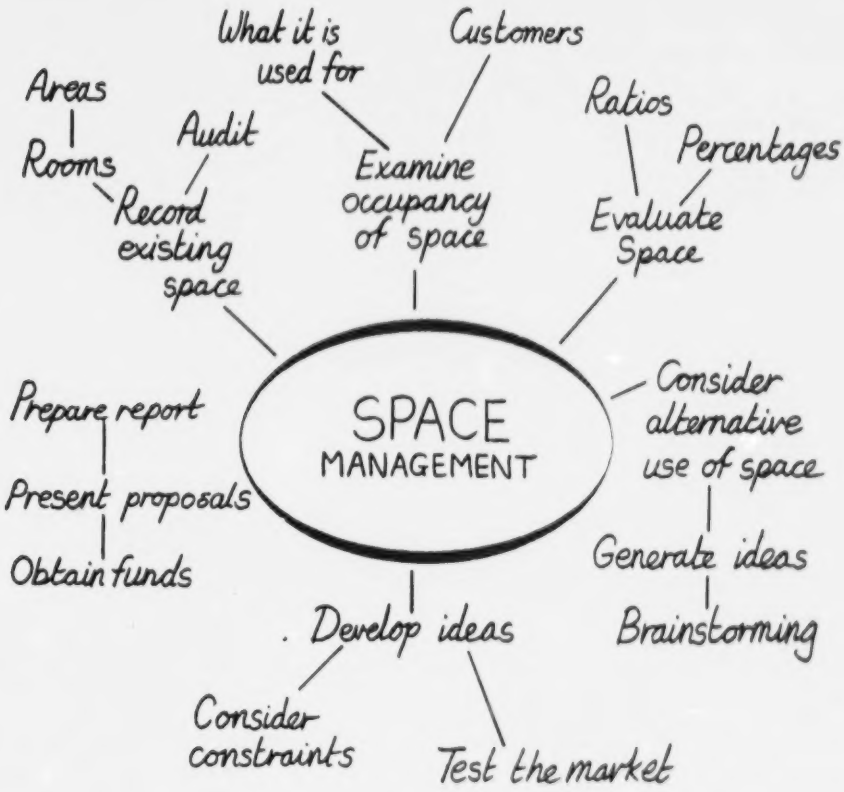

The Old Hollings
1. The Hog and Donkey
2. The Swan with Two Necks
3. The Boozers
4. The New Cow
5. The Dog and Whistle
6. The Apple Tree
7. The City Wall
8. The Lighthouse
WORTH ST
FIELD ST
Flyover
Central Way
Crossborough Hill
Oxford Road Station
OXFORD ROAD
Brown Street
Red Lane
Daisy Bridge
BROOK STREET
PLYMOUTH GROVE
Bus Terminus
SHOPPING PRECINCT
Adams Road
Harris Way
Scotland Street
Fletcher Street
Upper Brook Street
Walk Way

You no doubt noted various factors like outside seating areas, the rented student flats and the nearness of a large hospital. The location map would enable you to pick out the local opposition and note the proximity to a shopping precinct, and the bus terminus.

A spidergram is a technique for generating and setting out ideas in an understandable form, as opposed to just jotting them down one after the other.

The first step in producing a spidergram is to put down the activity to be studied in the centre of the page. This becomes the focal point and ideas are added as they come to mind, forming the legs of the spider. You will find that each idea tends to produce new ideas, which in turn might produce other ideas. As the ideas are formed, they are added to the appropriate leg of the spider, so that related ideas are kept together. This helps focus the mind on particular themes, and generate more ideas on each theme than otherwise might happen.

The spidergram overleaf uses the subject of space management as its focal point. You will note that in its completed form it gives an overall picture of the various facets of the subject that are considered in this self-study unit.


SPACE
MANAGEMENT
What it is used for
Customers
Areas
Rooms
Audit
Record existing space
Examine occupancy of space
Ratios
Percentages
Evaluate Space
Prepare report
Present proposals
Obtain funds
Consider alternative use of space
Generate ideas
Brainstorming
Develop ideas
Consider constraints
Test the market

The needs of the customer are often given a very low priority. Restaurants open and close on a regular basis. The local pub is changed into a steak house, then changed back into the local again. Pubs who mainly cater for the elderly manage to drive out their customers with loud music and pin tables.

Every establishment in the hotel, catering, leisure and tourism industry needs customers, for without customers there is no trade and without trade there is no profit. So all the ideas you have for improvement must be centred around those customer needs. You need to know:

- who are your customers?
- where are they coming from?
- are you giving them what they really want, or what you think they ought to want?

Use the page overleaf to draw up a spidergram highlighting the various types of customers who use The Old Hollings lounge bar, based on the information on pages 35 and 36 and your imagination. (Cover page 41 first. It will only distract you, and left to your own imagination, you will probably come up with better ideas.)

This is how your spidergram might look.

Now produce a spidergram highlighting the customer types who use your own establishment – or the area or room you have selected for improved space usage, if the customers are significantly different from those of the establishment generally. (You might find it helpful to do the spidergram in pencil first, so you can make changes as you go along to ensure the ideas are grouped logically. Alternatively do the spidergram in rough on a large sheet of paper before copying it out on page 42.)

Unless you are extremely gifted, you will not be likely to leap from the bath one morning, shouting 'Eureka I've found it!' Doubtless, Archimedes had higher things on his mind than how to improve the profitability of the lounge bar at The Old Hollings.

There are however several sources of ideas – some good, some bad. Here are two that should be avoided.

The entrepreneurial approach The millionaire who decides to turn a dilapidated Scottish castle into a 50 bedroom hotel with no research and no expense spared. It has been known to work, but not that often.

The committee approach Usually no decision is made as the idea goes from committee to committee, and back again. Many find the committee approach a useful means of avoiding responsibility, for if the idea should go wrong, then no single person can be blamed.

The spidergram is one method of getting a better understanding of your customers' expectations and generating new ideas. List below as many other methods as you can think of.

- Ideas can be generated by having general discussions with colleagues, staff and other people employed in your own field. It is also useful to talk to people in totally different professions – they will not have the detailed knowledge that you have, nevertheless you will find that, having a different perspective, they can often contribute a great deal.
- Discussions with your own customers will also produce ideas for improvements.
- Keeping your eye on what the opposition is doing is usually helpful. You won't want to copy the idea as it is, but it might produce other useful and better ideas.
- Going to trade shows and reading the trade press. These are usually full of ideas that might well apply to your own workplace.
- Lateral thinking. This technique gives free range to the imagination, ignoring the logical approach. It is more appropriate for the generation of new ideas than the refinement of old ones.

Most of the above can be combined by using a technique called brainstorming. This involves using a small group of people, who are free to express ideas in order to promote creative solutions to problems.

Brainstorming can be divided into two sessions. In the first session everybody is free to express ideas, however irrelevant they are to the problem in hand. These ideas are listed on a blackboard or large piece of paper. The rules for those taking part in a brainstorming session are:

1. Feel free to suggest anything.
2. Let your subconscious take over for a bit and release creativity.
3. Only the positive is acceptable. Do not criticise other people's ideas.
4. No 'ifs' or 'buts' are allowed.
5. Use other people's ideas to help generate your own.
6. Keep it brief.

The second session involves sifting through the ideas, discarding those which are irrelevant and giving serious thought to ideas that might provide a solution.

Here are the results of a brainstorming session for the better use of the lounge at The Old Hollings.

Serve something different Create different spaces Soft drinks bar Children's room
Toys Cakes Morning coffee Breakfasts
Afternoon teas Sell food Open different hours Special events Over 60s Clubs
Shoppers rest Mother and tots Office do's
Murder trails Treasure hunts Weddings
Funerals Christenings Theme evenings
Jumble sales Carpet sales Serve in a different way Vending Self service
New uniforms Pies and sandwiches Frozen food Microwaves Hire the room out
Name badges for staff Serve at different times

After discussing the various ideas in depth it was decided to investigate the possibility of opening the lounge of The Old Hollings in the afternoons for the service of teas.

With a group of colleagues and members of staff, brainstorm ideas for improved use of space in the area you have identified in your workplace. Record the results overleaf, and finally, what idea has emerged as a result of your work so far, as the one to be investigated in greater depth.

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Idea to be investigated in greater depth:

for improved use of space in:

SECTION 5
Testing and presenting your idea

After completing this section you will be able to:

- analyse the constraints that might affect your idea
- check the financial viability of your idea
- put the information you have learnt about space management into a logical form
- prepare a final report on your proposals.

You now know the space you're going to improve, and have an idea on how you will do so. But at this stage you should slow down a bit to make sure that your idea is really feasible.

You have got to consider:

- Is there a market now and in the future?
- What competition will there be?
- How does the idea fit in with what is already happening at your establishment?
- Will the structure of your existing building be suitable?
- Will the necessary approvals be forthcoming from local and statutory authorities?
- Will your staff be able to cope with the changes?

THE MARKET

You have to be sure that what you are going to offer will satisfy a need and to do this you have to have some knowledge of:

- your location – characteristics of the town or area, scenic and other attractions, distances from other places of interest
- the local population pattern and employment – numbers, ages, occupations (for example professional, clerical, skilled manual, semi and unskilled or retired.) The local library, tourist office or development authority can usually help you get this information
- transport facilities – road, rail and air links, existing, under development and planned. Details of these can usually be obtained from the planning department of the local authority
- possible sources of increased trade – developments planned or under way, for example, new office blocks, leisure facilities or housing; other events that may affect demand for your services and products, for example special events such as the town's centenary celebrations, or a large sports meeting.

Study the market survey carried out for The Old Hollings (see opposite page). Then use pages 50 and 51 to summarise the results of your own market survey.

THE OLD HOLLINGS MARKET SURVEY

Situation

Suburban area, close to city centre, near modern shopping precinct. Market twice weekly.

Population

Upper and middle classes	40%
Attending universities or colleges	35%
Clerical and skilled manual workers	25%

Predominance of young couples, young children, students and retired people.

Many of the male population work in the city, others in local offices, and service industries. Good percentage are professional people with fairly high disposable incomes.

Transport

On main road which connects with motorway to city centre (5 miles). Airport for inter-city routes 12 miles (opposite side of city centre). Local bus terminal serves country areas. Railway station (3 miles) connects with suburban and inter-city services. No known proposed changes.

Possibilities for increased trade

Nearby hospital. Local sports club. Business meetings. New leisure centre to be built next year near the shopping centre.

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Situation

Population and employment pattern

Transport

Possibilities for increased trade

Competition

It is, of course, important to know who your competitors are and what they are offering. There would, for instance, be no use in opening a stand selling toffee apples at 75p each, when there was already someone else down the road offering similar items at 65p each.

Satisfying a market need is a must. If you find that one or more of your competitors is already doing what you propose, you can:

- look at the possibility of attracting a different customer group
- change the level of prices charged to attract people to come to you, rather than to your competitors
- introduce some special features that your competitors do not have
- give up the idea and think of something else.

A list was drawn up of competitors likely to jeopardise the plan to open the lounge bar of The Old Hollings as a tea shop in the afternoons.

The other licensed houses in the area (the location of these can be seen on the map on page 36) were looked at first:

The Hog and Donkey	The Dog and Whistle
The Swan with Two Necks	The Apple Tree
The Boozers	The City Wall
The New Cow	The Lighthouse

None served afternoon teas, and only The Dog and Whistle served coffee at the bar.

However, two other outlets did serve afternoon teas:

- The Copper Kettle, situated in the shopping precinct. This was not considered a serious threat as all the service was by waiters or waitresses, and this was reflected in the selling price which was far higher than would be charged at The Old Hollings
- Fred's Diner, recently prosecuted by the health inspectors, and expected to close shortly.

List below all the competitors within your area who might pose a threat to the success of your idea for improvement.

Match with your present activities

Your idea must not have an adverse affect on current trade.

- Will it antagonise your present customers or local community? For instance offering lager at half price to visiting football supporters, is unlikely to be welcomed by local residents.
- Will it cause a noise nuisance? If so customers will complain and local residents will be up in arms.
- Will it clash with the image, style or tone of your establishment? A lean-to by the entrance of a prestigious hotel advertising 'Chip Butties Now Being Served' is likely to put off customers of the hotel: they will probably turn right back without buying a chip buttie or using the services of the hotel.

What it should do is blend in with the tone of your establishment and possibly improve it.

Ideally it should create a spin off to improve trade in other areas. Sid in the Three Fishes example in Section 1 improved trade all round by making more use of his car park.

At The Old Hollings it was decided that the opening of a tea shop in the afternoons would have no adverse effect on other activities, rather it would attract new customers who would use the pub at other times and possibly tell their friends.

List below the implications for the rest of your building should your proposals go ahead.

STRUCTURE OF EXISTING BUILDING

It would obviously not be a good idea to install a swimming pool on the top floor of a small hotel without getting expert advice. If your proposal involves any structural alterations, you should employ an architect to advise you. Ask the architect about:

- load bearing walls
- materials to select for the job
- planning permission
- supervision of the work being carried out
- any local regulations
- when to make progress payments
- fire regulations.

Many buildings are a compromise between the ideal and the constraints. There may be good reasons why your building is shaped and designed as it is – the shape and size of the site, planning regulations, fire precaution requirements, materials available. Check whether any of these constraints will affect your plans.

> It was considered that no major structural alterations would be necessary at The Old Hollings.

PLANNING PERMISSION

There are no scissors sharp enough to cut through red tape, it's just not worth trying.

Depending on the changes you propose to make there are certain things that you must consider:

- Is the building 'listed' as being of architectural or historical interest, or is it in a conservation area? If so the local authority will pass your proposals to the Department of the Environment.
- Will your proposals change any of the conditions of the fire certificate? If so the certificate must be amended by the local fire authority.
- Are you increasing the amount of residential accommodation, or changing the activities taking place? If so you may need permission from the local authority.
- Are you going to start selling alcohol? If so you will need a licence. If you already sell a limited range of alcoholic drinks, for example wine only, and want to serve other items, for example spirits, you will need a different licence.
- Are you increasing the value of buildings or contents? Your insurance company will want to know.
- Is your property security for a loan or mortgage? If so, you need the permission of the lender to make alterations which affect the value of the property.

STAFFING

Before putting any idea into practise you must be sure that you have or can recruit sufficient staff and that they can do the job, planning further training where appropriate. A badly run service will not only lose money but might well have an adverse effect on the rest of the establishment.

Keep your staff fully in the picture as to what is happening. You need their continued help and co-operation to make the idea work, and it may well be that staff have further good ideas of their own.

Look at what you intend to do and decide what training is needed, especially if existing staff are expected to use equipment that is new to them, or additional skills are required. If you need to recruit new staff, decide what type of person you need to employ. Here again initial training will be important.

At The Old Hollings it was decided to employ one person to run the teashop for four hours a day. Note below how many new staff you will need, and what training will be necessary if your proposals are implemented.

CHECKING THE FINANCIAL VIABILITY

You have now looked at the space available, analysed that space, got your idea for improvement and examined the possible restraints. The last and most important step is to find out whether your scheme is financially viable. In other words is it going to make money?

The expenditure involved in putting the idea into reality may include such items as:

Development costs

- Planning permission and building regulations costs
- Professional and consultancy fees
- Loss of business while work is in progress

Capital costs

- Building works
- Fixtures, fittings and furniture

Initial promotion costs

- Advertising – newspapers, radio, posters and bills
- Circulars to regular and potential customers
- Launch costs – food, drink, celebrities

These costs must be covered by the extra revenue earned, after taking into account any increase in operating costs:

- Additional staff
- Extra heating and lighting
- Cleaning and maintenance
- Costs of consumables – food and drink
- Additional depreciation

There also may be other benefits, difficult to quantify. For example: generating increased business in other areas, upgrading the image of the establishment, offering a more extensive range of services to the customers.

One widely used method to evaluate profitability is to set the initial and operating costs against the income and to calculate the length of time before the break-even point is reached.

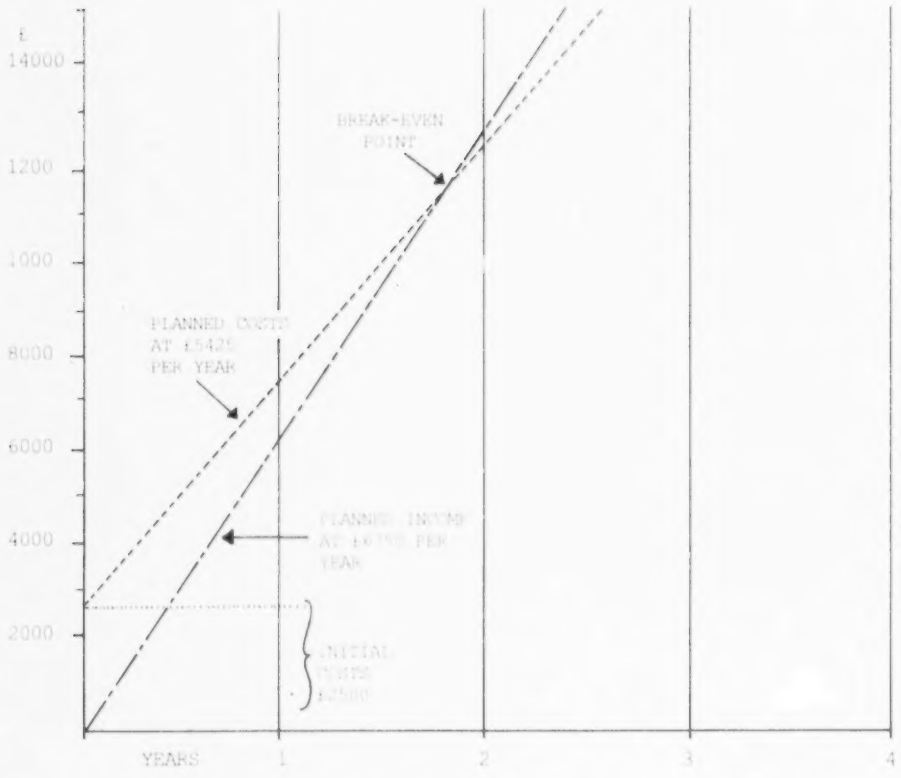
On the next pages you will see a financial breakdown and break-even chart for the new proposals at The Old Hollings. Study the information and note below how many years it will take for the tea room to become profitable.

THE OLD HOLLINGS

DEVELOPMENT OF TEA SHOP IN LOUNGE

FORECAST OF INCOME AND EXPENDITURE

	£
Income	6750
Development costs	
Fee for interior design consultation	154
Market survey costs	100
In-house staff costs	96
	350
Building and capital costs	
Redecoration	750
Installation of wash hand basin	200
Electrical work	50
Tableware	575
Linen and uniforms	175
	1750
Promotion costs	
Posters within The Old Hollings	52
Notices in local shops	38
Leaflets	35
Advertising in local papers	90
Advertising stands and sign writing	185
	400
Total	2500
Operating costs	
Wages	2600
Materials and commodities (40% of sales)	2700
Additional heating and lighting	125
Total	5425



THE OLD HOLLINGS BREAK-EVEN CHART

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From the break-even chart you will see that the proposals will have paid for themselves after two years and thereafter a real profit will be realised.

The calculations would be different if the money to set up the project has to be borrowed, and interest paid on the loan. In the same way the break-even point may be affected by inflation.

A large leisure group has introduced the following guidelines for determining the feasibility of energy saving proposals. If the break-even point is reached:

- within one year, the proposal is given the go ahead
- within three years, the proposal is classed as medium priority, to be considered alongside other demands on spending
- after three or more years, the proposal is shelved.

Work out below what extra income is likely to be generated by your scheme.

Work out below what costs are likely to be incurred in putting your proposal into effect.

Now draw up a break-even chart for your scheme, using the income and expenditure estimates you have just worked out.

You know the planned costs, the expected income and the break-even point, so you are now able to answer the questions:

- Is it worth it?
- Is it a good investment?

If the answer is yes to each of these questions, it is time to present your proposals for approval. If the answer is no, you need to reconsider your idea. Are there alternatives which might prove more feasible?

PRESENTING YOUR IDEA

Whether you get the necessary finance or authority to implement your proposals will depend very much on how you present your ideas.

You may be convinced that your idea is sound and financially viable. Now your task is to convince the decision-makers that you have considered every aspect of your suggestion in detail. This is likely to take the form of a written report. This report must be:

- clear, concise and effective
- suitable for the person who is going to read it
- written in good plain English and free of any unnecessary jargon
- able to cover all the relevant points in a logical sequence
- easily understood, with no irrelevant details
- well laid out, neat and tidy.

Most final reports begin with a short piece that summarises the report. It is very important that this summary does in fact summarise and gives the reader a clear picture of the main report that follows. At the end of the report a conclusion is included which again highlights the important parts of the report. Appendices can then be attached when considered necessary – for example, proposed publicity materials and sample menus.

Title

Contents list

Summary and conclusions

1. Introduction
2. Study of existing usage
3. Market survey
4. Details of proposals
5. Financial implications

Appendices

You will be able to draw most of the material for your report from the work you have done in earlier sections, so use the space overleaf to draft what is perhaps the most important part, the summary and conclusions. Read first what was written for The Old Hollings.

SUMMARY AND CONCLUSIONS

The current usage of The Old Hollings has been studied to see if its profitability could be increased.

The results of that study and a survey of the local competition indicate that a teashop which is open in the lounge during the afternoons would be a profitable operation.

The cost of establishing this teashop would be around £2500. Operating cost for a year would be £5425. This outlay would yield returns of some £6750 per year, which would show a yearly profit of £1325.

The capital outlay would be fully recovered in just under two years.

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This ends *Space Management*. If you need more help in working out the financial implications of your proposals, the self-study units in the *Financial Management* module will help. Report writing is dealt with in *Communications*, a self-study unit in the *Supervisory Management* module, and the self-study units in the *Licensed Trade Management* and *Leisure Management* modules cover the marketing, financial and operational characteristics of establishments in their respective sectors of the industry.